

CEMP-EC/CEMP-MF (415)

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Cost Control During Design

1. References:

a. Memorandum, CEMP-E, 26 July 1996, subject: Design-to-Cost (Enclosure 1).

b. Memorandum, HQ USAF/CEC, 5 November 1996, subject: Improved Identification of Project Requirements and Cost Control During Design (Enclosure 2).

2. Reference 1a. addresses concerns on the wide-spread problems on Air Force project designs going over the programmed amounts. It provided direction to improve working relationships between the designers, cost engineers, and customers to ensure that the designs stay within budget.

3. Reference 1b. discusses a new Air Force MILCON process to improve development of project scope and costs during the various phases of project formulation and design. This new process, "Cost Control During Design," is being established to place more emphasis on accurate definition of project requirements, preparation of parametric cost estimates to establish cost targets based on those requirements, and monitoring during the design process to ensure that the design remains within cost targets. Also, it identifies tasks and responsibilities of the Air Force MAJCOM and the USACE design districts.

4. This memorandum is to re-stress the need to improve the Corps performance in executing project designs within available funds. While I understand the need to be more responsive and sensitive to our customers' needs, the integrity of our designs and associated cost estimates should not be compromised. The reasonableness of our designs and cost estimates is critical to the cost management of every project and its importance and accuracy cannot be overly emphasized. Our credibility is on the line since our customers rely on the quality of our designs and the accuracy of our cost estimates to budget and expend their funds.

5. Effective immediately all districts are directed to implement cost control during design on all Air Force project designs. Enclosed is the Architectural and Engineering Instructions (AEI) on "Cost Control During Design" for use on all Air Force projects with new design directives. (Enclosure 3). The process described in the AEI are intended to provide a true "Design-to-Cost" district effort for our Air Force customers, and, therefore, it is essential that this process be properly discussed with the customer during the initial design partnering meeting.

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6. We must ensure that we have quality in all our designs and a high degree of certainty on all cost estimates at whatever stage they are prepared. This success is based on a cooperative effort among the different elements with the districts and our customers.

7. The point of contact for this process is Mr. Ronald J. Hatwell, P.E., Chief, Cost Engineering and Program Formulation Branch, Engineering Division, Directorate of Military Programs, 202-272-1240.

FOR THE COMMANDER:

3 Encls

PHILLIP R. ANDERSON
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